

TOWNSHIP OF BIG CREEK
OSCODA COUNTY, MICHIGAN
AUDITED FINANCIAL STATEMENTS
MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Big Creek Township	County Oscoda
Audit Date 3/31/04	Opinion Date 8/25/04	Date Accountant Report Submitted to State: 9/27/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

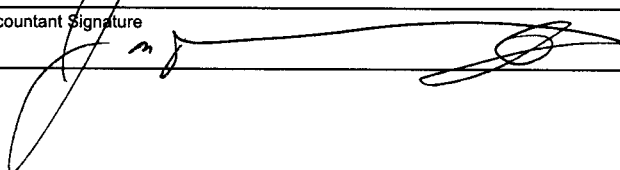
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Anderson & Decker, P.C.			
Street Address P.O. Box 746	City Roscommon	State MI	ZIP 48653
Accountant Signature 		Date 9/27/04	

TOWNSHIP OFFICIALS

Supervisor

James Booth

Clerk

Judy Berney

Treasurer

Janis Sanderson

TRUSTEES

Marian Buchanan

Rex McGregor

TOWNSHIP OF BIG CREEK

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Anderson & Decker, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

245 Lake Street • P.O. Box 746 • Roscommon, MI 48653
(989) 275-8831

INDEPENDENT AUDITORS' REPORT

August 25, 2004

Township Board
Big Creek Township
Oscoda County, Michigan

We have audited the general purpose financial statements of the Township of Big Creek, County of Oscoda as of and for the year ended March 31, 2004 as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Township of Big Creek, County of Oscoda, as of March 31, 2004, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated August 25, 2004, on our consideration of the Township of Big Creek's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The individual fund statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the combined financial statements of the Township of Big Creek, County of Oscoda. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.


ANDERSON & DECKER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

TOWNSHIP OF BIG CREEK
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
MARCH 31, 2004

Governmental Fund Types

ASSETS	<u>General</u>
Cash and investments	\$ 245,426
Accounts receivable	2,950
Taxes receivable	85,650
Interest receivable	321
Due from other units of government	15,516
Property, plant and equipment	<u>-0-</u>
Total Assets	<u>\$ 349,863</u>
LIABILITIES AND FUND EQUITY	
Liabilities:	
Accounts payable	\$ 8,981
Undistributed collections	<u>-0-</u>
Total Liabilities	<u>8,981</u>
Fund Equity:	
Investment in general	
Fixed assets	-0-
Fund balance	<u>340,882</u>
Total Fund Equity	<u>340,882</u>
Total Liabilities and Fund Equity	<u>\$ 349,863</u>

See Accompanying Notes to Financial Statements

<u>Fiduciary Fund Type</u>	<u>Account Group</u>	<u>Total (Memorandum) (Only)</u>
<u>Agency</u>	<u>General Fixed Assets</u>	
\$ 79,782	\$ -0-	\$ 325,208
-0-	-0-	2,950
-0-	-0-	85,650
-0-	-0-	321
-0-	-0-	15,516
<u>-0-</u>	<u>572,086</u>	<u>572,086</u>
<u>\$ 79,782</u>	<u>\$ 572,086</u>	<u>\$ 1,001,731</u>

\$ -0-	\$ -0-	\$ 8,981
<u>79,782</u>	<u>-0-</u>	<u>79,782</u>
<u>79,782</u>	<u>-0-</u>	<u>88,763</u>

-0-	572,086	572,086
<u>-0-</u>	<u>-0-</u>	<u>340,882</u>
<u>-0-</u>	<u>572,086</u>	<u>912,968</u>
<u>\$ 79,782</u>	<u>\$ 572,086</u>	<u>\$ 1,001,731</u>

TOWNSHIP OF BIG CREEK
STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Taxes and assessments	\$ 71,500	\$ 70,689	\$ (811)
Intergovernmental	234,576	279,071	44,495
Charges for services	2,669	10,748	8,079
Rent	675	5,650	4,975
Interest	1,500	1,646	146
Other	<u>9,745</u>	<u>19,885</u>	<u>10,140</u>
Total Revenues	<u>320,665</u>	<u>387,689</u>	<u>67,024</u>
Expenditures:			
General government	217,175	191,163	26,012
Fire	74,873	69,348	5,525
Cemetery	8,000	9,732	(1,732)
Sanitation	20,000	23,460	(3,460)
Highways and streets	75,500	14,060	61,440
Parks & recreation	<u>11,500</u>	<u>9,365</u>	<u>2,135</u>
Total Expenditures	<u>407,048</u>	<u>317,128</u>	<u>89,920</u>
Excess:			
Revenue over (under) expenditures	(86,383)	70,561	156,944
Fund Balance April 1	<u>270,321</u>	<u>270,321</u>	<u>-0-</u>
Fund Balance - March 31	<u>\$ 183,938</u>	<u>\$ 340,882</u>	<u>\$ 156,944</u>

See Accompanying Notes to Financial Statements

TOWNSHIP OF BIG CREEK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004

NOTE A: ENTITY

The Township of Big Creek is a general law township of the State of Michigan located in Oscoda County, Michigan. It operates under an elected board and provides services to its residents in many areas including public safety, street development and maintenance, and general administrative services. As required by generally accepted accounting principles and governmental Accounting Standards Board (GASB) Statement no. 14 "The Financial Reporting Entity", these financial statements present Big Creek Township (primary government) and its component units. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. On this basis, the financial statements include all of the governmental functions of Big Creek Township.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Big Creek conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Fund Accounting - The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into two generic fund types and one account group, as follows:

GOVERNMENTAL FUNDS

General Fund - This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state grants, interest, and other intergovernmental revenues.

FIDUCIARY FUNDS

Agency - These funds are used to account for assets held in trust or as an agent for others. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

TOWNSHIP OF BIG CREEK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2004

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

ACCOUNT GROUP

General Fixed Assets Account Group - This account group presents the fixed assets of the local unit utilized in its general operations (nonproprietary fixed assets).

BASIS OF ACCOUNTING - The modified accrual basis of accounting is used by all governmental funds and agency funds. Revenue and other sources are recognized in the accounting period in which they become susceptible to accrual; that is when they become both measurable and available to finance expenditures of the fiscal period. Expenditures are recognized when the related fund liability is incurred. Modifications from the accrual basis are as follows:

a. Property tax revenue are recognized as follows:

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 15 with the final collection date of February 28 before they are added to the county delinquent tax rolls. All taxes levied on December 1 are recorded as revenue in the current year. Unpaid taxes are recorded as receivables of the respective fund.

b. Interest on bonded indebtedness and other long-term debt is not recorded as an expenditure until its due date.

c. Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase.

d. Normally, expenditures are not divided between years by the recording of prepaid expenses.

BUDGETS - Public Act 621 of 1978 as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the Township for budgetary funds were adopted on a fund level. Budgets are normally formulated during January and February of each year and a budget hearing is held in March. The board normally adopts the budget just prior to April 1. Amendments are made to the budgets when determined to be necessary throughout the year.

TOWNSHIP OF BIG CREEK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2004

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unused appropriations for budgeted activities lapse at the end of the year. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year. Budgets adopted end as of March 31, of each year. There are no carryover budget items.

PROPERTY AND EQUIPMENT - Property and equipment are stated at cost, or donated, fair market value. Expenditures which materially extend the useful life of existing properties or equipment are capitalized. Certain governmental improvements, including roads, bridges and drains are not capitalized. General fixed assets are recorded as expenditures at the time of purchase.

ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE C - CASH AND INVESTMENTS

The balance sheet accounts and types of cash items are presented below:

<u>Balance Sheet Accounts</u>	<u>Amount</u>	<u>Cash Items</u>	<u>Amount</u>
Cash and investments	\$ 325,208	Checking & Savings Accounts CD's	\$ 216,342 108,866
Total	<u>\$ 325,208</u>	Total	<u>\$ 325,208</u>

The Government Accounting Standards Board Statement No. 3 risk disclosures for Big Creek Township's cash deposits are as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 103,887	\$ 127,799
Uninsured and Uncollateralized	<u>221,321</u>	<u>221,314</u>
Total Deposits	<u>\$ 325,208</u>	<u>\$ 349,113</u>

Deposits - At year-end, the carrying amount of the Township's deposits was \$325,208 and the bank balance was \$349,113. According to Section 330.8 of the Federal Deposit Insurance Corporation Rules and Regulations, 37% of the total bank balance was covered by federal depository insurance.

TOWNSHIP OF BIG CREEK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2004

NOTE C - CASH AND INVESTMENTS (CONTINUED)

Investments - Act 217, PA 1982, authorizes the Township to deposit and invest in the following:

- a. Bonds and other direct obligations of the United States or its agencies.
- b. Certificates of deposit, savings, accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the national credit union administration that are eligible to be depository of surplus money belonging to the State under section 5 or 6 of act 105, PA 1855, as amended (MCL 21.145 and 21.146).
- c. Commercial paper rated at time of purchase within the two highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase.
- d. United States governmental or Federal agency obligation repurchase agreements.
- e. Bankers' acceptance of United States banks.
- f. Mutual funds composed of investments which are legal for direct investments by local units of government in Michigan.

NOTE D - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

During the year ended March 31, 2004 the Department incurred expenditures in excess of the amounts appropriated in the General Fund as follows:

<u>Fund</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Supervisor & Assessor	\$ 33,900	\$ 36,142	\$ (2,242)
Board of Review	750	1,062	(312)
Cemetery	8,000	9,732	(1,732)
Sanitation	20,000	23,460	(3,460)

NOTE E - DUE FROM OTHER UNITS OF GOVERNMENT

Due from other units of government consists of money advanced to the Big Creek - Mentor Utility Authority totaling \$13,000 and an overpayment to the IRS in the amount of \$2,516, totaling \$15,516.

TOWNSHIP OF BIG CREEK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2004

NOTE F - PROPERTY AND EQUIPMENT

A schedule of changes in general fixed assets is as follows:

	Balance April 1	Additions	Retirements	Balance March 31
Land	\$ 15,200	\$ -0-	\$ -0-	\$ 15,200
Building & Improvements	246,555	3,353	-0-	249,908
Equipment & Vehicles	304,207	2,771	-0-	306,978
	<u>\$ 565,962</u>	<u>\$ 6,124</u>	<u>\$ -0-</u>	<u>\$ 572,086</u>

NOTE G - PARTIAL SELF-INSURANCE

The Township is a member of the Michigan Township Participating Plan. Under most circumstances, the municipality's maximum coverage is limited as follows:

<u>Type</u>	<u>Limit</u>	<u>Deductible</u>
Property	\$ 683,394	100
Liability	2,000,000	-0-
Errors and Omission	2,000,000	-0-
Law Enforcement	2,000,000	-0-
Automobiles	2,000,000	-0-
Crime	5,000	-0-
Inland Marine	92,600	100
Workmen's Compensation	STATUTORY	-0-

NOTE H - TOTALS (MEMORANDUM ONLY) COLUMN

The total column on the combined statements is captioned memorandum only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE I - JOINT VENTURE - UTILITY AUTHORITY

The Township is a participant in a joint venture with Mentor Township. The Big Creek-Mentor Utility Authority is in the process of constructing a water and sewer system. Each of the townships appoint two members to the Utility Authority Board, these four members then appoint the fifth member from the residents of the two townships. Big Creek Township has a 50 percent interest in the venture and has advanced \$13,000 to the Utility Authority as an interest free loan. The Utility Authority is being funded by two Community Development Block Grants totaling \$809,500, a Farmers Home Administration loan of \$2,000,000, a Farmers Home Administration grant of \$4,000,000, and a State of Michigan Department of Public Health grant of \$2,450,000.

TOWNSHIP OF BIG CREEK
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2004

NOTE I - JOINT VENTURE - UTILITY AUTHORITY (CONTINUED)

At March 31, 2004 the Utility Authority had assets of \$9,401,571 which consisted of cash totaling \$291,806, receivables of \$394,139, and capitalized construction costs of \$8,715,626 (net). Liabilities were \$2,210,234 and equity was \$7,191,337. Complete separate financial statements for the Utility Authority are available at the Mentor Township offices, 216 9th Street, Mio, Michigan.

NOTE J - JOINT VENTURE - FIRE PROTECTION

Big Creek Township is a participant in a joint venture, Tri-Town Fire Department, with the Townships of Mentor and Elmer for the purpose of providing fire protection services to the residents of the townships. The Tri-Town Fire Board is composed of the Supervisor of each of the three townships, two township board members from Big Creek Township and one township board member from each of Mentor Township and Elmer Township.

**SUPPLEMENTARY
INFORMATION**

TOWNSHIP OF BIG CREEK
GENERAL FUND
STATEMENT OF REVENUES, COMPARED TO BUDGET
YEAR ENDED MARCH 31, 2004 AND COMPARISON TO MARCH 31, 2003

	<u>2004</u>		Variance	Actual
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>	<u>2003</u>
Revenues:				
Taxes and Assessments:				
General property taxes	\$ <u>71,500</u>	\$ <u>70,689</u>	\$ <u>(811)</u>	\$ <u>75,369</u>
Total Taxes and Assessments	<u>71,500</u>	<u>70,689</u>	<u>(811)</u>	<u>75,369</u>
Intergovernmental:				
State shared revenues	234,576	235,020	444	257,047
Federal in-lieu	-0-	15,917	15,917	16,046
Park improvement grant	-0-	-0-	-0-	5,100
Fire Department grant	<u>-0-</u>	<u>28,134</u>	<u>28,134</u>	<u>2,000</u>
Total Intergovernmental	<u>234,576</u>	<u>279,071</u>	<u>44,495</u>	<u>280,193</u>
Charges for Services:				
Fees	<u>2,669</u>	<u>10,748</u>	<u>8,079</u>	<u>2,191</u>
Total Charges for Services	<u>2,669</u>	<u>10,748</u>	<u>8,079</u>	<u>2,191</u>
Rent	<u>675</u>	<u>5,650</u>	<u>4,975</u>	<u>5,350</u>
Interest	<u>1,500</u>	<u>1,646</u>	<u>146</u>	<u>2,373</u>
Other:				
Sale of cemetery lots	4,500	1,000	(3,500)	5,600
Reimbursements	-0-	1,975	1,975	1,392
Miscellaneous	<u>5,245</u>	<u>16,910</u>	<u>11,665</u>	<u>7,252</u>
Total Other	<u>9,745</u>	<u>19,885</u>	<u>10,140</u>	<u>14,244</u>
Total Revenue	<u>\$ 320,665</u>	<u>\$ 387,689</u>	<u>\$ 67,024</u>	<u>\$ 379,720</u>

TOWNSHIP OF BIG CREEK
GENERAL FUND
STATEMENT OF EXPENDITURES, COMPARED TO BUDGET
YEAR ENDED MARCH 31, 2004 AND COMPARISON TO MARCH 31, 2003

	2004		Variance	Actual
	Budget	Actual	Favorable (Unfavorable)	2003
General Government				
Township Board:				
Salaries-board	\$ 4,900	\$ 4,900	\$ -0-	\$ 4,800
Payroll taxes	9,000	8,156	844	7,346
Supplies	2,000	1,344	656	-0-
Legal and audit	4,000	6,466	(2,466)	3,168
Insurance	16,600	8,391	8,209	8,718
Dues	4,000	2,555	1,445	2,478
Special assessment	1,325	-0-	1,325	16,455
Education	2,000	275	1,725	390
Miscellaneous	1,400	1,395	5	3,650
Capital outlay	5,000	2,771	2,229	-0-
Total Township Board	50,225	36,253	13,972	47,005
Township Supervisor & Assessor:				
Salary	31,400	31,400	-0-	31,190
Salary-Clerical	500	662	(162)	403
Office supplies	2,000	2,750	(750)	2,301
Education	-0-	1,330	(1,330)	-0-
Total Township Supervisor	33,900	36,142	(2,242)	33,894
Election Board:				
Supplies	3,000	388	2,612	6,510
Total Election Board	3,000	388	2,612	6,510
Township Clerk:				
Salary - clerk	14,300	14,360	(60)	14,090
Salary - deputy	6,000	3,170	2,830	6,888
Office supplies	1,500	2,189	(689)	2,916
Education	-0-	587	(587)	-0-
Total Township Clerk	21,800	20,306	1,494	23,894

TOWNSHIP OF BIG CREEK
GENERAL FUND
STATEMENT OF EXPENDITURES, COMPARED TO BUDGET
YEAR ENDED MARCH 31, 2004 AND COMPARISON TO MARCH 31, 2003

	<u>2004</u>		<u>Variance</u>	<u>Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>	<u>2003</u>
General Government (continued)				
Township Treasurer:				
Salary - treasurer	\$ 14,300	\$ 14,360	\$ (60)	\$ 14,030
Salary - deputy	6,000	6,188	(188)	6,600
Office supplies	4,500	890	3,610	985
Tax statements	13,000	12,335	665	12,961
Education	<u>-0-</u>	<u>511</u>	<u>(511)</u>	<u>-0-</u>
Total Township Treasurer	<u>37,800</u>	<u>34,284</u>	<u>3,516</u>	<u>34,576</u>
Board of Review:				
Salaries	750	1,050	(300)	290
Printing and publications	<u>-0-</u>	<u>12</u>	<u>(12)</u>	<u>-0-</u>
Total Board of Review	<u>750</u>	<u>1,062</u>	<u>(312)</u>	<u>290</u>
Township Hall:				
Salaries	500	706	(206)	6,441
Supplies	6,500	2,756	3,744	6,297
Street lights	16,000	15,782	218	15,737
Contract services	35,000	32,024	2,976	32,594
Repair & maintenance	11,700	8,931	2,769	5,379
Utilities	<u>-0-</u>	<u>2,529</u>	<u>(2,529)</u>	<u>-0-</u>
Total Township Hall	<u>69,700</u>	<u>62,728</u>	<u>6,972</u>	<u>66,448</u>
Total General Government	<u>217,175</u>	<u>191,163</u>	<u>26,012</u>	<u>212,617</u>

TOWNSHIP OF BIG CREEK
GENERAL FUND
STATEMENT OF EXPENDITURES, COMPARED TO BUDGET
YEAR ENDED MARCH 31, 2004 AND COMPARISON TO MARCH 31, 2003

	2004		Variance	Actual
	Budget	Actual	Favorable (Unfavorable)	2003
Fire				
Fire Department:				
Salaries	\$	\$ 11,095	\$	\$ 9,615
Supplies		4,991		9,815
Insurance		6,713		5,874
Utilities		3,126		-0-
Equipment		-0-		66,105
Total Fire Department (1)	31,450	25,925	5,525	91,409
Tri-Town Fire Department	43,423	43,423	-0-	61,961
Total Fire	74,873	69,348	5,525	153,370
Cemetery				
Salaries		2,626		-0-
Supplies		3,753		5,174
Capital outlay		3,353		-0-
Total Cemetery (1)	8,000	9,732	(1,732)	5,174
Sanitation				
Big Creek-Mentor Utility Authority	20,000	23,460	(3,460)	17,651
Total Sanitation	20,000	23,460	(3,460)	17,651
Highways and Streets				
Road Improvements	75,500	14,060	61,440	14,422
Total Highway and Streets	75,500	14,060	61,440	14,422
Parks & Recreation				
Salaries		4,035		-0-
Supplies		2,790		4,284
Contract services		2,540		-0-
Park Improvements		-0-		42,476
Total Parks & Recreation(1)	11,500	9,365	2,135	46,760
Total Expenditures	\$ 407,048	\$ 317,128	\$ 89,920	\$ 449,994

(1) Budgeted in total

TOWNSHIP OF BIG CREEK
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED MARCH 31, 2004

<u>ASSETS</u>	<u>Balance April 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance March 31</u>
Cash and investments	<u>\$ 83,915</u>	<u>\$ 552,801</u>	<u>\$ 556,942</u>	<u>\$ 79,774</u>
 <u>LIABILITIES</u>				
Due to General Fund	\$ 3,000	\$ -0-	\$ 3,000	\$ -0-
Due to County	-0-	487,894	487,894	-0-
Due to Township	74,274	58,158	60,852	71,580
Due to Other	<u>6,641</u>	<u>6,749</u>	<u>5,196</u>	<u>8,194</u>
Total Liabilities	<u>\$ 83,915</u>	<u>\$ 552,801</u>	<u>\$ 556,942</u>	<u>\$ 79,774</u>



Anderson & Decker, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

245 Lake Street • P.O. Box 746 • Roscommon, MI 48653
(989) 275-8831

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

August 25, 2004

Township Board
Big Creek Township
Oscoda County, Michigan

Dear Board:

We have audited the general purpose financial statements of Big Creek Township for the year ended March 31, 2004, and have issued our report thereon dated August 25, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Big Creek Township's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that we have reported to management of Big Creek Township, in a separate letter dated August 25, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Big Creek Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Big Creek Township in a separate letter dated August 25, 2004.

This report is intended for the information of the audit committee, management, and the Township Board, and is not intended to be, and should not be used by anyone other than these specific parties.



ANDERSON & DECKER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

TOWNSHIP OF BIG CREEK

REPORT TO MANAGEMENT

MARCH 31, 2004



Anderson & Decker, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

245 Lake Street • P.O. Box 746 • Roscommon, MI 48653
(989) 275-8831

August 25, 2004

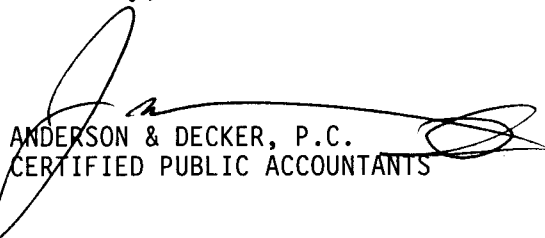
Township Board
Big Creek Township
Oscoda County, Michigan

In planning and performing our audit of the financial statements of the Township of Big Creek, Oscoda County, as of and for the year ended March 31, 2004, we considered the Township's accounting, operational, and internal control procedures to determine the nature and extent of our audit testing for the purpose of expressing an opinion on the financial statements of the Township and not to provide assurance on the procedures themselves.

We did however, during the course of our audit, become aware of certain matters that are opportunities for enhancing those procedures or controls. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated August 25, 2004, on the financial statements of the Township of Big Creek.

We have already discussed these comments and suggestions with the Township's personnel, and we will be pleased to discuss them in further detail at your convenience, and/or to perform any additional studies of these matters, should you so desire.

Sincerely,



ANDERSON & DECKER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

BIG CREEK TOWNSHIP

COMMENTS AND RECOMMENDATIONS MARCH 31, 2004

ACCOUNTING

The Township maintained a disbursements and receipts journal for part of the year before integrating an accounting software program for the other part of the year. The Clerk's cash accounts did not reconcile to the treasurer's records at the end of the year. We recommend that the Clerk reconcile books with the Treasurer within 15 days of the month end to allow any adjustments required to be made in a timely manner.

SPECIAL REVENUE FUNDS

According to the board minutes from the March 31, 2001 meeting, the township was to create special revenue funds for the Luzerne Cemetery, Luzerne Fire Department, and Road Improvement Funds. The journals did not indicate any separate fund activity or balances throughout the year. We recommend that the township create these funds separately including the allocation of cash balances and budget information, as required by the board motion. It is our understanding that this was implemented in the 2004-2005 fiscal year.

GASB NO.34

Governmental Accounting Standards Board Statement Number 34, "Basic Financial Statements, Management's Discussion and Analysis for State and Local Government" is a wide sweeping change in how governments will report their financial information. This new reporting model requires the fixed assets of the Township to be reported and depreciated within the Comprehensive financial statements along with substantial changes in how the departments and funds of the Township would be reported. The implementation of this pronouncement is in three phases. Big Creek Township would fall into the third phase, requiring it to start reporting under this pronouncement in the year beginning April 1, 2004. The Township Board should create a committee which would include, but not be limited to, the Clerk and Treasurer to start preparing the Township for the new reporting and record keeping requirements.

CAPITAL OUTLAY

The Township is in the process of implementing procedures for record keeping and depreciating fixed assets acquired by the Township both past and current. Through our 2004 analysis several adjustments were made to reclassify non-capital outlay items that did not meet the criteria established by the committee. We recommend that the departmental and fund budgets be prepared in compliance with the capitalization policy established by the Township Board and the coding of the Township expenditures for capital items be applied consistently. Ultimately, only capital expenditures meeting the capitalization policy criteria should be in the capital accounts.